

An experienced property investor's handbook

Contents.

Introduction	03
Increase your rental appeal and value	07
Assess your investment property	10
Budgeting for your next property	14
Renovating? Read this first	18
Good tenants	23
Tax deductions	27
Why Eton?	32

Create a property portfolio that pays for itself.

As an experienced property investor, you may have encountered several challenges while building your property portfolio, from market upturn and inflation to vacancy rates and windfalls, the struggle of retaining the best tenants to keeping vacancy rates low.

An experienced property investor's handbook

Eton Property Group recognises the importance of achieving the highest possible returns on your investments in the long run. So, we've put together a handbook with proven insights based on 25 years of business experience to help you get there.

This handbook is for investors who want to ensure they're set up for long-term success. Continue reading to learn how to set measurable investment goals that will pay off. This manual contains all you need to know about reviewing your current property's ongoing performance, increasing rental income, adding value, and attracting the best renters.



Exceptional property
management doesn't
cost, it pays.

A handwritten signature in black ink, appearing to read 'Jennelle Marden', with a long horizontal flourish extending to the right.

Jennelle Marden
Director of Property Management



10 easy hacks to increase the rental appeal and value of your property.

They say property is all about location, location and location. While that may be true about land value, creating rental appeal is also a matter of taking a few small, thoughtful steps. Taking some of these steps can immediately increase your chances of ensuring your investment property will be leased sooner and provide longer-term value.

- 01. Painting the walls and keeping them stain-free**

Whether it's freshly painting the home after a tenancy agreement is completed, to paint amid a long tenancy, keeping the walls stain-free will go a long way in keeping your property looking like new.
- 02. Tidy up the garden**

The tenant's responsibility is to keep the garden clean and reasonably tidy. However, small inputs from you like a Spring-clean, well-landscaped gardens and planting easy to manage trees/bushes can help your tenants with their maintenance.
- 03. Updating light fittings, door handles and blinds**

Sometimes small cosmetic changes to door handles, light fittings and new blinds can make a huge difference in appearance; the better your home presents, the better the tenant. If tenants know that you care for your property, more often than not, they will also take good care of the property.
- 04. Floor coverings**

A change to the flooring will bring your property back to life. Old carpet can smell or have stains; a refresh with new carpet, a fresh polish or vinyl can bring a property back to life.
- 05. Making minor updates to the kitchen**

Maybe it is time to fix the kitchen tap that has loosened but isn't leaking or add wallpaper to enhance the kitchen cabinets or walls.

06. Giving the bathroom a refresh
Tiniest details like adding a hand-shower to your bathtub or providing extra towel railings can add meaningful value to your tenant's life and your property.

07. Consider adding blinds or shutters
Is the master bedroom north-facing and could use some block-out blinds to deter the harsh summer heat? Adding blinds or shutters may help.

08. Storage
Perhaps you have a nook or corner under the stairs or a bedroom that may work well as a built-in storage unit or linen closet. Give your tenants the room to put away their things in style.

09. Outdoor living enhancements
Sometimes, painting the fence or planting a lemon tree can enhance the liveability of your backyard.

10. Security or alarm systems
Extras features like an inexpensive alarm system or doorbell cameras can provide prospective tenants with peace of mind and an added feeling of security.

The time to review your property performance is now.

Our team of experts at Eton have compiled a list of questions that can help you maximise your investment property and help you grow.

Is your property generating market-competitive rent?

An excellent way to assess this is by looking at listings of comparable properties in your area. A sound property manager will also have all the insights for you.

Have you recently checked to see if the value of your property has increased since your last review?

The historically low-interest rates have meant a significant growth in property evaluations. Ensure you know your worth with an up-to-date appraisal.

Is your equity in the property you own significant? If so, could you use this equity for other investments?

The smart way to progress is by assessing your circumstances and goals. We also advise you to reach out to a financial advisor; we have a good list of advisors that can help you improve your interest rates and help with further property purchases.

Have you shopped the market for the most competitive home loan rate? Can you get a better deal?

Speak to a Mortgage Broker specialising in investment properties. If your mortgage payment can be lowered, it's time to refinance.

When was the last time you assessed your insurance policy?

In this competitive landscape, your premium could decrease, or the liability you're covered could increase based on the property and land value. Therefore, we recommend revisiting your policy every year.

Is your property racking up significant maintenance bills?

It is always important to consider when an asset becomes a liability. Perhaps now is the time to offload the property and invest elsewhere. Regularly review your outgoings as much as you note the incomings.

Don't make 30-year investment decisions based on the last 30 minutes or even the last 30 days of news.



How is your specialist investment team supporting you?

Are you at the forefront of advice, or do you often chase service and tips? A good assessment of the team you have in place will ensure you get the best bang for your buck.

Are you claiming too much or too little on taxable expenses?

A few meetings with your accountant could help ensure you are on top of claiming the correct expenses to offset your taxable income.

Will making some repairs to your property decrease the chances of future liabilities?

A sound property manager will inspect your asset regularly and help you identify issues with maintenance early on.

If you are unsure about any of the above, get professional advice. The time to review your property performance is now.

Read this before you buy your next investment property.

The deal is done, you've secured your new or next investment property, and it's smiles and handshakes all round. But the agreed purchase price is just the beginning.

The difference between a seasoned investor and a happy purchaser is that the former knows they must identify and manage several ongoing costs before celebrating. Consider the following costs before your next purchase:



Borrowing costs

In addition to interest, lenders may charge a range of fees. These include:

- Loan application or establishment fee.
- Document preparation fee.
- Bank valuation fee.
- Title insurance.
- Registration of title.
- Lenders mortgage insurance if your deposit is less than 20% of the property value.

Some of these fees may be waived, and with a bit of negotiation, you may be able to drive a good bargain.



Legal fees

It's best to get expert help with transferring the legal title of the property; this is a competitive area, so get quotes from reputable legal or specialist conveyancing firms.



Stamp duty

Stamp duty (or transfer duty in some states) is usually the most significant added expense and varies widely between jurisdictions. Aside from the value of the property, the level of stamp duty may also depend on whether you are buying off the plan, if a local council is offering discounts or if you choose to buy and live before leasing.

State and territory government revenue offices provide online calculators, and a real estate agent should be able to refer you to duties payable for different property values and usages.



Transfer fee

This can be anything from a few hundred to a few thousand dollars.



Building and pest inspection

This is a relatively small investment that could save thousands of dollars in the long run. Make sure you organise your own inspection using an independent service; don't rely on a report provided by the vendor.



Council and water rates

You must reimburse the vendor for their unused portion of prepaid council and water rates that apply at the date of settlement. The amount will depend on the property value and the length of time to the end of the current rates period.



Running costs

Ongoing running costs include council rates, repairs and insurances, and maybe body corporate fees. You may also want to consider budgeting for a high-performing property manager to help you maximise your outcomes. Factoring these in from the beginning will help you better manage your mortgage repayments.



Homework pays

If ever there was a case for 'buyer beware', it's when buying an investment property. So please do your homework to uncover these hidden costs, so you grow your portfolio in the right direction when it's time to make an offer. Then you can crack open the bubbly with confidence!

Get the biggest bang from your renovation buck.

Whether it's doing up the bathroom or kitchen or adding an entire new wing to the property, some focused planning will help your home renovation project run smoothly. Here are some tips to help you get the biggest 'bang' for your renovation buck.

- # 01.

Budgeting and saving

Renovating is a significant expense, so you will need to prepare for increased loan repayments or get cracking on a savings plan unless you've saved up the necessary funds.

First up, prepare a couple of budgets; one for the renovations and another for regular living costs. Then, with your current spending and future savings needs laid bare, it's time to play the penny-pinching game. For example, can you take lunch from home rather than purchasing it every day? Does avoiding the toll road add that much time to your daily commute? Are you paying for bottled water? And can you still enjoy life with less eating out or ordering in?
- # 02.

Avoid hidden surprises

Make sure that the fabric of the existing house is sound. Then, depending on its age, have the home inspected for asbestos. Its removal can add time and many dollars to your renovation. Termites and rot are other unwelcome surprises.
- # 03.

Find the right contractors

Shop around, get multiple quotes and check references and reviews. Also, ask to see contractors' licences. Don't just go with the lowest quote; make sure you have confidence in the tradie's ability to do the job.
- # 04.

Release your inner handyperson

How much can you save by doing some of the work yourself? Most people can do a great job painting a room. How about laying your own tiles? The internet abounds with 'how-to' videos for all sorts of renovation skills.

- 05. Call in a favour**
- How many chippies, sparkies and plumbers are in your family or friendship group? Of course, you won't want to stretch a friendship or impose on them, so maybe you can swap one of your skills for some of theirs.
- 06. Shop smart**
- Extend your budget by buying seconds or second hand. Check out Gumtree and eBay or get to know your local auction rooms - bidding at an auction can be fun and rewarding. Can you deal directly with any suppliers, and who can offer you mate's rates?
- 07. Select your materials with your budget in mind**
- Hand basins, shower screens, kitchen sinks, taps, flooring, light fittings, ovens; the list goes on. Of course, everything comes in various styles and prices to suit every budget. However, appearances can be deceiving. For example, a cheaper benchtop or bath can provide all the visual appeal of more expensive alternatives. Still, sometimes you may have to compromise and opt for 'good' rather than 'best'. And if you're renovating with a future sale in mind, it's also important that you don't over-capitalise on your renovations.
- Undertaking significant renovations can be a daunting prospect. Still, some thought and planning can deliver not just a more valuable home but also one that provides you with years of returns.

08. **Be careful not to over-capitalise**

Perhaps due to the popularity of do-it-yourself (DIY) television programs, home renovations are big business. So the rewards are there but watch out for the hidden costs, and we're not talking about fancy tap-wear!

Australians in increasing numbers are becoming building experts and style gurus. So it's no surprise that Bunning's shareholders are smiling.

Equally unsurprising is the number of DIY injuries treated at hospital emergency centres. DIY renovations can be fun and rewarding, and sure, it looks easy on the telly. But there is great potential for mistakes, and mistakes of this kind are usually expensive.

There's something to be said about having the worst house on the best street when talking about real estate. But if your reno project turns your place into the best house on the worst street, you could be in trouble.

Consult property and building experts, identify risks and hidden costs, and then weigh your time, financial and emotional outlay against these gains. Talk to Eton Property about how we can help.



How to get good tenants to stay.

As a high-achieving property management company, Eton understands the importance of keeping vacancy rates of your property low. However, we also appreciate the importance of ensuring your asset delivers maximum value and retains high-quality tenants.

Tenants that pay their rent on time and look after your property like it's their own are not hard to keep.

Communicate and be realistic

Open communication with your property manager regarding any issues your tenants face can be critical to building confidence. In addition, setting realistic timelines of when to expect the repairs, inspections, responses, and urgent fixes pave the way for a trusting relationship.

Follow the timeline

If issues persist during the tenancy, following the agreed-upon timeline helps instil trust and allows your property manager and tenant to act in confidence. Do as you say.

Stay on top of your inspections

Regular inspections (as predetermined in your agreement) help you stay informed of the property's maintenance issues and keep opportunities for an open dialogue with the tenants. After all, a tenant that feels like they're being listened to will happily contribute to a strong working relationship.

Be flexible with pets

Offering pets and being reasonably flexible with responsible animal owners makes them keen to sign longer leases. Ensure you develop and sign a Pet Policy with clear guidelines, so the experience is just as rewarding for the neighbours, the tenants and your overall property upkeep.

Reassess rent increases with personal circumstances

If a rent increase is due, we find that making small incremental increases within the state legislation can ease a tenant into it. Your property manager will advise how often this can be done and the notice periods to be respectful of.



Consider discretionary requests

Simply being flexible with good tenants can go a long way in keeping them happy and, in turn, them renewing their lease. Of course, a tenant will request minor changes to your assets from time to time. From installing mirrors and paintings to considering affixed appliances, as long as these changes do not impact the value of your property, we recommend considering them.

Incentivise lease renewal

Good tenant retention is incredibly valuable to your portfolio. Consider developing some incentives that align with your goals. Popularly, some of our clients offer a bi-annual gardener, consider installing a dishwasher or a dryer or even provide a shaded area in the backyard for pets and entertaining.

Speak to your property manager about what might work and help good tenants stay.

What can you claim on tax?

It is no secret that Australians love investing in property. And while it can be an exciting prospect, it is essential to consider the finer details before jumping in, especially any ongoing costs and expenses you'll have to pay.

Investment property tax deductions

It is vital that you're aware of what you can and cannot claim as a tax deduction as a landlord. For starters, did you know there is a difference between repairs and maintenance completed on the property versus improvements made?

This is so important to understand because repairs and maintenance costs are claimable immediately as a tax deduction. At the same time, property improvements are claimable over several years (generally 2.5% every year for 40 years from the date that the upgrades were completed). So, for example, lawn mowing and land taxes can be claimed immediately, whereas renovating the kitchen needs to be claimed over several years.



The Australian Tax Office (ATO) allows the following expenses to be claimed immediately:

- Advertising for tenants.
- Body corporate fees and charges.
- Council rates.
- Water charges.
- Land tax.
- Cleaning.
- Gardening and lawn mowing.
- Pest control.
- Insurance: building, contents, public liability, loss of rent.
- Interest expenses: related to borrowing.
- Prepaid expenses: such as insurance premiums.
- Property agent's fees and commission.
- Repairs and maintenance.
- Legal expenses.

While these property improvements are claimable over several years:

- Capital works: costs that increase the value of your property, such as significant structural alterations, e.g. renovating a kitchen.
- Borrowing expenses: expenses such as loan establishment fees, lender's mortgage insurance, valuation report fees, and title search fees are considered borrowing expenses.
- Depreciating assets: assets costing more than \$300, such as carpets, flooring, roofing, hot water systems, etc., can be depreciated over time.
- Initial repairs: expenses incurred to fix existing damage after purchasing your property fall under 'initial repairs'.

Take note, these expenses cannot be claimed as a tax deduction:

- Loan repayments: you cannot claim your principal loan repayments as a tax deduction.
- Depreciating assets: from 9. May 2017, you cannot claim depreciation on assets if they have previously been used, such as second-hand furniture or existing carpet before you purchased the property. From 1. July 2017, if you rent out your own home, you cannot claim depreciation for assets that were in your home.
- Other unclaimable expenses: expenses paid by the tenant, personal use of the property, travel expenses to visit the property, and certain other costs like conveyancing (however, this cost is added to the initial price of the property, which can reduce your capital gains tax).

Why should you make property improvements or repair work before the end of the financial year?

Have repair or maintenance work that you have been putting off or trying to save for? Completing these repairs before the end of the financial year may allow you to immediately claim these expenses as a tax deduction, resulting in instant tax savings. For example, costs related to fixing a leaking pipe or regular servicing of appliances fall into this category.

Even though capital improvement expenses can only be claimed over several years, if you incur those expenses shortly before the end of the financial year, you can start claiming them a lot sooner than if they were completed in the first half of the financial year, for example.

[To see a detailed list of the ATO's guide click here](#)

Seek professional advice

Buying your investment property is just the start of your landlord journey. Once you have acquired your property, engaging a property manager to rent it out and manage it on your behalf may take a lot of the stress out of maintaining your property. They can identify the best candidates for your property and handle any simple repair work or significant improvements.

Along with a property manager, your accountant is an essential ally in your property investment endeavour. They will be your best source for information on claimable expenses and tax deductions and ensure your tax obligations are correctly lodged with the ATO.

Source: Australian Tax Office "Rental expenses to claim" (14 July 2021)

Why choose Eton Property Group?

Our property management team is underscored by a superior mix of talent, enthusiasm, experience and customer service; all focused on producing outstanding results for our clients.

Why choose Eton Property Group?

Using proven operational systems backed by agility, flexibility and local knowledge, the Eton team engages and retains the most reliable tenants, securing the optimal rental return in the shortest possible time frame.

World-class combination of reach, relationships and results

We pride ourselves on seamlessly handling marketing, maintenance, accounting and legal compliance efficiently and cost-effectively. As a boutique agency, we specialise in one-on-one service. This approach delivers expertise to investors locally and overseas, continuously refining and tailoring our efforts to ensure we achieve a world-class combination of reach, relationships and results.

Property management that creates long-term value

Eton Property Group builds and nurtures lasting partnerships to create significant, long-term value for our clients, naturally innovating to showcase property in the best possible light, to the greatest audience, at the least cost. We intuitively know what our customers want and deliver before they ask! Changing property managers is an easy process and won't cost you any time or money; we'll take care of all the details.

Our job is not complete until your property is leased.

- 01. Strategic marketing prowess**

Our leasing processes achieve dynamic results from property presentation to carefully crafted listings using proven marketing strategies to increase rental opportunities. Before advertising, we always consult our extensive database of potential tenants.
- 02. Specialised service**

Our personalised and professional service nurtures capital growth and maximises client income. Enjoy ongoing support, advice and guidance.
- 03. Tried and true operational systems**

We regularly monitor performance, enforce prompt payment and ensure high tenancy standards are met. Every step of the way, you will be given regular progress updates.

Experience the Eton difference.



The managing authority

Your approval for Eton Property to manage and lease.



Insurance consideration

We recommend insurance for landlord peace of mind.



Marketing coordination

Optimal exposure through website, brochures and signage.



Find prospective tenants

Efficient and effective screening and processing from the beginning.



Prepare lease and bond documentation

All-round protection throughout a tenancy.



Prompt payment

Access your money as soon as it is available with fully itemised statements.



Regular inspections and maintenance

Arrangement of property inspections and maintenance with qualified, reliable tradespeople at a reasonable price.



Enhancement advice

Recommendations on property improvement to make the most out of your investment.



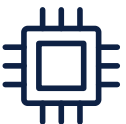
Rent reviews

Minimise vacancy periods with quick turnaround and maximise returns when required.



24/7 access to your files

We have systems that allow you to access all documents and pertinent information about your property from anywhere in the world with internet access. You can access your files 24/7.



Technology pays

Eton Property invests in the best technology available to ensure that you and your tenant are best serviced. We find ways to ensure that we have open lines of communication and full visibility over every process, whether leasing, rent reviews, account payments, or previous statements. We ensure that you have excellent communication.



Boutique agency

We don't want to be the biggest, but we want to be the best. Therefore, we are a boutique agency with only the best, most experienced staff. You will have a dedicated property manager with access to their email and mobile number; you can contact us at any stage. We pride ourselves on being available to you.

